

PHN 2020-30
FY2021 Local Housing Authority Budget Guidelines
ATTACHMENT E

Section 8 New Construction / Substantial Rehabilitation Program

Rent Adjustments and Deadlines:

- Any budget changes are tied to and limited by the HUD allowable contract rents for the authority's fiscal year.
- *For LHAs with original HAP Contracts:*
 - Similar to how DHCD publishes an ANUEL, HUD publishes rent increases on an annual basis, called the Annual Adjustment Factor. However, unlike changes to the ANUEL, LHAs must make the request to their Contract Administrator in order to receive this rent increase.
 - LHAs are expected to submit a request to DHCD for an Annual Adjustment Factor (AAF) increase to take full advantage of federally available assistance.
 - LHAs with original HAP Contracts under DHCD Contract Administration are reminded that they must request the rent increase in writing ninety (90) days prior to their HAP Contract's anniversary date.
 - [HUD Notice 2002-10](#) includes instructions on how to submit these rent increases.
- *For LHAs with renewed HAP Contracts:*
 - Amend Rent Years (each contract year, with exception of the end of each 5-year anniversary period): Authorities that have renewed their HAP Contracts under Option 1 and Option 2 of the [HUD Section 8 Renewal Policy Guide](#) are entitled to receive rent increases through HUD's published Operating Cost Adjustment Factor (OCAF) in Amend Rent years.
 - To increase contract rents by the OCAF, the LHA will first receive a HUD-issued letter advising the property's new rents. The LHA must elect the rent increase and return the letter along with a signed Low-Rent Housing Rent Schedule (Form HUD-92458) with the new rents to DHCD. Once the LHA receives approval from DHCD, the LHA may then submit the gross rent changes through its voucher management system into TRACS.
 - Market Rent Adjustments: At the expiration of each 5-year period of the Renewal Contract term, the rent adjustment will be based on comparable market rents.
 - To assist in the redetermination of rents based on market comparability, LHAs are required to provide to DHCD a Rent Comparability Study (RCS) ninety (90) days prior to this Anniversary Date. DHCD will then notify the LHA of the new

contract rents and the effective date. The LHA may then submit the gross rent changes through its voucher management system into TRACS.

Conversion Out of State-Aided Public Housing Program:

This section applies only to the properties listed below and describes the steps these LHAs should take in HAFIS as part of their budget submission to prepare for the conversion. Further guidance on the conversion will be published in future PHNs.

In FY2021 (FY22 for FYE 3/31 LHAs), the Section 8 NC/SR properties listed below will convert out of the State-Aided Housing Program and fully onto the HUD Section 8 Project-Based Rental Assistance program. **Please note:** A change to your contract administrator does not mean that the property has converted out of state-aided public housing.

LHA	Contract Number	Deadline to Convert	LHA	Contract Number	Deadline to Convert
Billerica	MA06H052026	6/30/2021	Newton	MA06H052048	12/31/2021
Dartmouth	MA06H052027	6/30/2021	Taunton	MA06H052046	12/31/2021
Peabody	MA06H052030	6/30/2021	Warren	MA06H052039	12/31/2021
Raynham	MA06H052022	6/30/2021	Barre	MA06H052040	3/31/2022
Whitman	MA06H052019	6/30/2021	Hampden	MA06H052018	3/31/2022
Dracut	MA06H052025	9/30/2021	Ipswich	MA06H052003	3/31/2022
Lowell	MA06H052020	9/30/2021	Revere	MA06H052015	3/31/2022
Norwood	MA06H052029	9/30/2021	Somerville	MA06H052013	3/31/2022
Norwood	MA06H052032	9/30/2021	Springfield	MA06H052016	3/31/2022
Middleborough	MA06H052017	12/31/2021			

LHAs that own and manage these properties listed above should take care to do the following as part of their budget submission:

- Revise the HAFIS Unit Count by moving the LHA’s Section 8 NC/SR units out of the LHA’s state program unit count and into the federal program unit count.
- Enter/retain the existing development number (e.g., 667-2) for the Section 8 NC/SR property when inputting the units in the federal program unit count. This is to ensure the development can be tracked.



- For LHAs with developments listed above, each HAFIS schedule now includes input box entitled “SEC 8 NCSR” under the Federal Program section. LHAs should use this input box to prorate Section 8 NC/SR under its federal program.

The screenshot shows a form with the following sections:

- Line No.:** 12
- Position Title by Organization Unit and Function:** [Empty]
- Prior Year Composite Amount:** [Empty]
- Estimated No. Weeks:** [Empty]
- State Program:**
 - 400-1: [Empty]
 - 400-9: [Empty]
 - 689-1: [Empty]
 - 689-C: [Empty]
 - 200-A: [Empty]
 - 667-A: [Empty] (highlighted with a blue box)
 - 705-A: [Empty]
 - 689-A: [Empty]
- Federal Program:**
 - HUD P.H.: [Empty]
 - SEC § HCVP: [Empty]
 - SEC § MOB: [Empty]
 - SEC § MOB RHB: [Empty]
 - SEC § NCSR: [Empty] (highlighted with a blue box)
- Other Sources (Property owned by LHA. Do not include income from management contracts):**
 - Other Sources: [Empty]
 - Comments: [Empty]

Callouts:

- Blue box: "S8 NCSR Program is turned off in State Program for LHA developments listed above." (points to 667-A)
- Blue box: "Book amount in new 'SEC 8 NCSR' input box under Federal Program." (points to SEC § NCSR)

Buttons: "Save Data", "BACK"

Footer: "For LHAs using HUD's Central Office Cost Center (COCC) cost allocation methodology: For all HAFIS Schedules, input the amount in t"

Federal Sources of Income										Other Sources of Income
HUD P.H.	SEC § HCVP	SEC § MOB	SEC § MOB REHAB	SEC § NCSR	FSS	HUD MOD	Other-F1	Other-F2	Other Sources	
				4,901						
				400						
				500						
0	0	0	0	4,901	0	0	0	0	0	

Callout: "Funds will be prorated under the LHA's Federal Program." (points to SEC § NCSR column)

- LHAs will submit operating statements for the fiscal year in which the property converts out of state-aided public housing. Following this, no HAFIS budget submission for this property is required. DHCD will publish further guidance for ongoing management and on the conversion process in forthcoming Public Housing Notices.